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Report Highlights:

Grain of Truth: PM says GM rice good for food security, *Perishable farm goods export to get a boost*, *Rs.50,000-CR investment in Food Processing Sector in 11th Plan*, *8% excise on processed food mooted*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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GRAIN OF TRUTH: PM SAYS GM RICE GOOD FOR FOOD SECURITY

On October 9, Prime Minister Manmohan Singh said that India must strike a balance between tapping the biotechnology potential and ethical concerns given the fact that productivity in rice cultivation has tapered off in recent years. The Prime Minister praised genetically modified rice varieties like Golden Rice. (Source: Financial Express, 10/10/06)

PERISHABLE FARM GOODS EXPORT TO GET A BOOST

Perishable agricultural produce exports are expected to grow due to the proposed amendments to the Agricultural and Processed food products export development authority act, 1985. The proposal target is to establish a single window clearance system for exporters. The amendment bill will be finalized shortly as per the announcement made by the Commerce Secretary. Processed and unprocessed agricultural, horticultural, apicultural, livestock and forest produce will come under the purview of the amendments bill. (Source: Business Standard, 10/10/06)

RS 50,000-CR INVESTMENT IN FOOD PROCESSING SECTOR IN 11TH PLAN

The Minister of state for Food Processing Industries announced the allocation of an investment of about Rs. 500 billion in the food-processing sector. The government estimates that there is a requirement of Rs. 1000 billion in investment till 2015, out of which, 500 billion is planned for allocation during the 11th plan. The share of the investment from government, industry and banks/Financial Institutions will be 10 percent, 40 percent and 50 percent, respectively. The focus of development will be towards building supply chain management linkages, testing infrastructure and abattoirs (slaughter house). In a step to further strengthen the meat processing industry, the government is setting up a national meat board. (Source: Business Standard, 10/10/06)

8% EXCISE ON PROCESSED FOOD MOOTED

The Revenue Department proposes to implement uniform duty cuts as a part of the action plan to promote agri-business. The excise duty reduction to the level of 8 percent on all processed food items is proposed except for soft drinks, chocolates and malted foods, for which an excise duty of 16 percent is planned to be kept unchanged. The proposal was put forward to introduce uniformity in the imposition of the excise duty. While primary agricultural commodities are mostly exempted, processed commodities are subject to a CST of 4 percent and VAT of 12.5 percent. In addition to this entry tax and octroi (local tax) are also levied on these commodities and CST is levied on all branded products. (Source: Business Standard, 10/10/06)

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